

**HUMAN SERVICES DEPARTMENT[441]****Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code section 249A.4 and 2009 Iowa Acts, chapter 121, section 2, the Department of Human Services amends Chapter 79, "Other Policies Relating to Providers of Medical and Remedial Care," and Chapter 85, "Services in Psychiatric Institutions," Iowa Administrative Code.

These amendments change the basis of Medicaid reimbursement for psychiatric medical institutions for children for state fiscal year 2010 to conform to legislative provisions. Reimbursement rates will be retrospectively adjusted based on the facility's actual costs. The upper limit for reimbursement of non-state-owned facilities is set at 103 percent of the patient-day-weighted state average costs for those facilities. There will be no upper limit for state-owned facilities.

These changes will result in higher reimbursement for most providers. The additional federal reimbursement for the state-owned facility at the Independence Mental Health Institute will help to offset the higher reimbursement rates for the private facilities. The higher rates will allow facilities within the state to provide additional staffing and resources to better serve children with intensive needs, thus reducing the need for placements at more expensive facilities outside the state. Reduced reliance on out-of-state providers will also allow Iowa children to receive treatment closer to families and support systems.

These amendments do not provide for waivers in specified situations since they mirror the language of the statute, which the Department has no authority to waive.

The Council on Human Services adopted these amendments March 10, 2010.

The Department finds that notice and public participation are unnecessary because these amendments merely conform administrative rules to legislative directives. Therefore, these amendments are filed pursuant to Iowa Code section 17A.4(3).

The Department finds that these amendments confer a benefit upon the facilities affected. Therefore, these amendments are filed pursuant to Iowa Code section 17A.5(2)"b"(2), and the normal effective date of these amendments is waived.

These amendments are intended to implement Iowa Code section 249A.4 and 2009 Iowa Acts, chapter 121.

These amendments became effective March 11, 2010.

The following amendments are adopted.

ITEM 1. Amend subrule **79.1(2)**, provider category "Psychiatric medical institutions for children," as follows:

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Psychiatric medical institutions for children		
1. Inpatient	<u>Prospective reimbursement</u> <u>Retrospective cost-related</u>	<del>Rate based on actual costs on 6/30/07, Effective July 1, 2009, actual cost not to exceed a maximum for non-state-owned providers of \$167.19 per day</del> <u>103% of patient-day-weighted average costs of non-state-owned providers located within Iowa.</u>
2. Outpatient day treatment	Fee schedule	Fee schedule in effect 6/30/08 plus 1%.

ITEM 2. Amend subrule 85.25(1) as follows:

**85.25(1) *Computation of inpatient rate.*** Facilities are paid at a per diem rate based on the facility's cost for the service not to exceed the upper limit as provided in 441—subrule 79.1(2).

*a.* Rates for new facilities are based on historical costs submitted on Form ~~SS-1703-0~~ 470-0664, Financial and Statistical Report for Purchase of Service Contracts, if the institution is established and has the historical data. If the institution is newly established, the rate shall be based on a proposed budget submitted on Form ~~SS-1703-0~~ 470-0664. A Form ~~SS-1703-0~~ 470-0664 with actual cost data shall be submitted after at least six months of participation in the program for a new rate adjustment.

*b.* After the initial cost report period, the institution shall submit Form ~~SS-1703-0~~ 470-0664 annually within three months of the close of the facility's fiscal year. Failure to submit the report within this time shall reduce payment to 75 percent of the current rate. The reduced rate shall be paid for no longer than three months, after which time no further payments will be made.

*c.* For services rendered July 1, 2009, through June 30, 2010, rates paid shall be adjusted to 100 percent of the facility's actual average costs per patient day, based on the cost information submitted pursuant to paragraphs 85.25(1) "*a*" and "*b*," subject to the upper limit provided in 441—subrule 79.1(2) for non-state-owned facilities. Facilities may submit a projected cost report for purposes of determining the rates initially paid for services rendered July 1, 2009, through June 30, 2010, before rate adjustment based on actual costs.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 4/7/10.